

Name: \_\_\_\_\_  
County: \_\_\_\_\_  
Date: \_\_\_\_\_

**OPEN-SPACE PROPERTIES  
SELF-STUDY TRAINING SESSION  
REVIEW QUESTIONS**

**Chapter 1 – Introduction**

1. Section 423.4 makes provisions for the \_\_\_\_\_  
also known as \_\_\_\_\_ which increases  
the contract term to \_\_\_\_\_ years.
2. Trees and vines on land under contract are to be valued in the \_\_\_\_\_  
\_\_\_\_\_ as land.
3. Which of the following is not correct with regard to a compatible use?  
☐ Cannot harm soil fertility.  
☐ Cannot benefit other property owners.  
☐ Cannot induce nonagricultural development of surrounding lands.  
☐ Cannot obstruct or displace potential agricultural operations.
4. Section 423 prescribes factors to be considered in valuing restricted property.  
These factors include:
  1. \_\_\_\_\_  
\_\_\_\_\_
  2. \_\_\_\_\_  
\_\_\_\_\_
  3. \_\_\_\_\_  
\_\_\_\_\_

5. Section 423 limits the maximum period for crop rotation to no more than six years.

- ☐ True  
☐ False

## **Chapter 2 – Valuation of Land**

6. Except for \_\_\_\_\_ and \_\_\_\_\_ contracts, the basic appraisal method applicable to the valuation of open-space land subject to an enforceable restriction is the income approach to value.

7. The income to be capitalized is the \_\_\_\_\_ attributable to the land.

8. Of the following, which is not correct when rebutting the property's present use as its highest and best use?

- ☐ The use must only require minimal cost for change over.  
☐ The use must be compatible with the agricultural uses permitted.  
☐ The use must be common or general for comparable properties.  
☐ The use must increase the total economic return of the property.

9. In calculating the economic feasibility of an alternative use, the new and/or additional costs need to be analyzed. Examples of costs that need to be included in the analysis include, but are not limited to:

- a. \_\_\_\_\_  
b. \_\_\_\_\_  
c. \_\_\_\_\_  
d. \_\_\_\_\_  
e. \_\_\_\_\_

10. There is a rebuttable presumption that the \_\_\_\_\_ of open-space land is its highest and best use.

11. The appraiser cannot arbitrarily impute a \_\_\_\_\_ amount as income to a property merely because there is \_\_\_\_\_ rental information to estimate an economic income.

12. What are the basic methods for determining the economic income of a parcel to be valued under the provisions of section 423?

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

13. Cash rental analysis is generally the \_\_\_\_\_ and \_\_\_\_\_ method for determining a property's economic rent.

14. The \_\_\_\_\_ annual tabulation of commodity prices is generally a good source of historical prices.

15. Internal access roads, head ditches, etc., are not deducted from the farmable acreage because they are \_\_\_\_\_ to the operation of the agricultural enterprise.

16. In projecting historical prices, the appraiser should recognize the following principles which establish that:

- a. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- b. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- c. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- d. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

17. The assessor must not assume that any use allowed by a contract approved by the county/city administration is a compatible use.

- ☐ True  
☐ False

18. There shall be a rebuttable presumption that prudent management does not include use of the land for a recreational use \_\_\_\_\_  
\_\_\_\_\_.

19. The following facts are true about income from water except:

- ☐ A sale of excess water is allowed by the water district.  
☐ It is a permitted compatible use.  
☐ Income capitalized must be based on income actually received.  
☐ It must be sold to contiguous property.

20. For transitional property, the value is the sum of the present worth of:

a. \_\_\_\_\_

b. \_\_\_\_\_

21. A basic problem with the owner-operator return analysis is that the income generated by a farm is attributable to two businesses:

a. \_\_\_\_\_

b. \_\_\_\_\_

22. Compute the value for the following foreign improvement site.

The operation has a one acre tower site leased for 15 years at \$750.00/year. The term and rent are considered proper. The restricted land value for agricultural property purposes is \$350.00/acre. The open-space capitalization rate is 7 percent (interest, taxes, and risk.)

23. If a commercial use is a permitted compatible use for a limited term, the assessor must value the commercial enterprise site similar to that described for the valuation of a foreign improvement site.

☐ True

☐ False

24. The three methods of estimating agricultural income vary considerably in degree of difficulty and reliability. The degree of difficulty depends upon

\_\_\_\_\_ and  
the reliability depends upon \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

25. In attempting to rebut the presumption that prudent management would not include recreational use income, each case must be judged on its own specific facts. There are certain basic requirements that must be considered. They are:

a. \_\_\_\_\_  
\_\_\_\_\_  
b. \_\_\_\_\_  
\_\_\_\_\_  
c. \_\_\_\_\_  
\_\_\_\_\_

26. List problems that can complicate the capitalization process of exploration/extraction leases.

a. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b. \_\_\_\_\_  
\_\_\_\_\_

c. \_\_\_\_\_  
\_\_\_\_\_

27. When valuing Production Flexibility Contracts, what questions arise when a grower voluntarily grows a certain crop or restricts the acreage planted?

a. \_\_\_\_\_  
\_\_\_\_\_

b. \_\_\_\_\_  
\_\_\_\_\_

c. \_\_\_\_\_  
\_\_\_\_\_

28. Section 423 (b) is very specific concerning the composition of the capitalization rate to be used in determining restricted land values. It shall be the sum of:

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

29. Some events may impact both productivity and production risk.

☐ True

☐ False

30. Production risk results from \_\_\_\_\_ variations while productivity risk results from events that are \_\_\_\_\_ .

### **Chapter 3 – Valuation of Trees, Vines, and Other Living Improvements**

31. Share rents from analysis of short-term leases can only be applied to orchards or vineyards in the same\_\_\_\_\_.

32. The valuation of an orchard or vineyard must take into consideration the expected income for its entire remaining economic life. What is the four fold valuation problem?

a. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

c. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

d. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

33. Economic life greatly affects the earning capacity of an orchard or vineyard.

☐ True

☐ False

34. If the economic income generated by the total property is too small to produce a residual income attributable to the living improvements, what value will be placed on the land; living improvements?

Land: \_\_\_\_\_

Living improvements: \_\_\_\_\_



35. What are three acceptable methods of estimating income attributable to land:

1. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

36. Explain how the income is processed when valuing restricted land, living improvements, and non-living improvements

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

#### **Chapter 4 – Valuation of Nonliving Improvements**

37. Restricted non-living improvements, living improvements, and land form their own \_\_\_\_\_ for the purpose of value comparison

for the lowest of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_ or \_\_\_\_\_ in

order that the lowest value be enrolled.

38. If the open space contract allows for the restriction under section 423(e) of non-living improvements, the improvements must \_\_\_\_\_ to the income of the land.

39. When processing the income stream to determine that value attributable to unrestricted non-living improvements, the amount is calculated using a \_\_\_\_\_ rate, and when valuing the restricted non-living improvements a \_\_\_\_\_ rate is used.

### **Chapter 5 – Valuation of Residential Sites**

40. If a restricted property was purchased in 1995 and a home built in 2000 and a new pool in 2001, what is the base year for the site?
- ☐ 2001
  - ☐ 1995
  - ☐ 2000
  - ☐ any of the above
41. The size of a homesite on restricted property is limited to:
- ☐ 1 acre
  - ☐ ½ acre
  - ☐ 2 acres
  - ☐ Whatever is reasonable

### **Chapter 6 – Valuation of Mineral Deposits**

42. The proper method of valuing open-space land that contains valuable mineral deposits is to:
- a. \_\_\_\_\_
  - b. \_\_\_\_\_
43. Taxable mineral rights must be valued on restricted property. When valued they must be valued in the same manner as surface rights.
- ☐ True
  - ☐ False

## **Chapter 7 – Total Property Value**

44. Section 423(b) provides, that unless a party to the contract expressly prohibits such a valuation, the current taxable value of the property cannot exceed the lower of:
- a. \_\_\_\_\_
  - b. \_\_\_\_\_
  - c. \_\_\_\_\_
45. The total appraised value of rural property subject to open-space restrictions shall include all the following except:
- ☐ Restricted land value.
  - ☐ Current market value of non-living improvements if higher than FBYV.
  - ☐ Restricted living improvements.
  - ☐ Value of mineral rights.

## **Chapter 8 – Valuation of Land Subject To Terminating Restrictions**

46. You have a parcel of land subject to CLCA contract that is under nonrenewal and has a current market value of \$4,800/ac, a factored base year value of \$4,300/ac, and a restricted value of \$3,700/ac. The open-space interest component announced by the State Board of Equalization is 5%. In addition, the county has adopted the provisions of Section 423.3 and the taxable value for this property without consideration of the non-renewal process would be 70 percent of the factored base year value.

What would be the value for the first year of nonrenewal ?

## **Chapter 9 – Cancellation Procedures**

47. The board or council has authority to waive payment of the cancellation fee, subject to the approval of the Secretary of the Resources Agency. However, the board or council has no authority to waive payment of the cancellation fee for land subject to a Farmland Security Zone.

☐ True  
☐ False

48. The cancellation fee is a minimum of \_\_\_\_\_ for open-space contracts and \_\_\_\_\_ for Farmland Security Zone contracts.

## **Chapter 10 – Valuation of Wildlife Habitats**

49. When valuing Wildlife Habitat contracts under section 423.7(b), sales of less than 150 acres cannot be used unless the sale is of an undivided interest in the land.

☐ True  
☐ False

50. Lands subject to Wildlife Habitats are valued in the same manner as California Land Conservation Act properties.

☐ True  
☐ False

## **Chapter 11 – Wetlands Mitigation Banking**

51. Of the following, which is not correct?

☐ Wetland Mitigation Banks are considered a major rehabilitation  
☐ No credits are provided for wetland acreage already in existence  
☐ There are strict rules that apply to the cancellation of a wetland mitigation bank.  
☐ Taxable value of a bank is the lower of 1) adjusted base year value or 2) current market value.

52. Wetland mitigation banking is a \_\_\_\_\_.

53. List two requirements of all property owners seeking to obtain the necessary permit from governmental agencies to develop their lands:

a. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

b. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

54. List the factors used to verify that the minimum value of the credit equals the average cost for each wetland acre created.

a. \_\_\_\_\_

\_\_\_\_\_

b. \_\_\_\_\_

\_\_\_\_\_

c. \_\_\_\_\_

\_\_\_\_\_

d. \_\_\_\_\_

\_\_\_\_\_

e. \_\_\_\_\_

\_\_\_\_\_

f. \_\_\_\_\_

\_\_\_\_\_

55. Does the conveyance of wetland credits to a permittee constitute a transfer of rights that would meet the change of ownership test of section 60?

☐ Yes

☐ No

56. Development of real property that adversely affects wetlands must be authorized in advance through a "Section 404" permit. The applicant must establish, in sequence, that:

- a. \_\_\_\_\_  
\_\_\_\_\_
- b. \_\_\_\_\_  
\_\_\_\_\_
- c. \_\_\_\_\_  
\_\_\_\_\_

57. What are the methods of compensation for impacts?

- a. \_\_\_\_\_  
\_\_\_\_\_
- b. \_\_\_\_\_  
\_\_\_\_\_

58. Before any bank site may be created, a memorandum is required which includes:

- a. \_\_\_\_\_  
\_\_\_\_\_
- b. \_\_\_\_\_  
\_\_\_\_\_
- c. \_\_\_\_\_  
\_\_\_\_\_
- d. \_\_\_\_\_  
\_\_\_\_\_
- e. \_\_\_\_\_  
\_\_\_\_\_

59. Standard conditions of such agreements provide that the credits sold are transferable and assignable.

☐ True

☐ False

60. What are the two types of wetland mitigation banks?

a. \_\_\_\_\_

\_\_\_\_\_

b. \_\_\_\_\_

\_\_\_\_\_